

Message Text

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ORIGIN EUR-12

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DRAFTED BY PM/SAS:DWMCCCLINTOCK/RS
APPROVED BY PM/SAS - STEPHEN WINSHIP
EUR/CE - MR. HUMPHREY
L/PM - MR. BOREK
H - MR. DOBBS
PM/MC - MR. FEMMINELLA

----- 121600

R 040322Z MAA 76
FM SECSTATE WASHDC
TO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS:MASS, MILL, ESTC, GW, US

SUBJECT: AMERICAN CORPORATE CONCERN OVER POSSIBLE IMPACT OF
HUMPHREY BILL

REF: BONN 3338

1. GOODYEAR AEROSPACE CONCERN OVER POSSIBLE IMPACT OF
HUMPHREY BILL ON PROPOSED SLAR SALE APPEARS UNFOUNDED,
ESPECIALLY SINCE US-GERMAN TRANSACTION OF THIS TYPE
ORDINARILY WOULD NOT CUT ACROSS ANY RESTRICTIVE AREAS WITH-
IN PROPOSED LEGISLATION. AS A PURELY COMMERCIAL SALE, THIS
WOULD BE SUBJECT TO DEPARTMENT OF STATE (MUNITIONS CONTROL)
LICENSING PROCEDURES, WHICH ARE FAIRLY ROUTINE FOR FRG
SALES CASES AND NOT APPRECIABLY ALTERED BY NEW LEGISLATIVE
LANGUAGE, EXCEPT AS NOTED IN PARA 3 BELOW.

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2. PRINCIPAL U.S. INDUSTRY OBJECTIONS TO HUMPHREY BILL APPARENTLY RELATE TO AGENT FEE PROVISIONS. THESE OBLIGATE SECRETARY OF STATE TO OBTAIN QUOTE ADEQUATE AND TIMELY UNQUOTE REPORTING ON POLITICAL CONTRIBUTIONS, GIFTS, AND FEES PAID IN SOLICITATION OF SALES, AND TO PROVIDE THIS INFORMATION TO CONGRESS IN A QUARTERLY REPORT OR UPON DEMAND BY ANY STANDING CONGRESSIONAL COMMITTEE OR AUTHORIZED

USG AGENCY. THE INDUSTRY VIEW REPORTEDLY IS THAT SUCH INFORMATION, EVEN IF SUBMITTED IN A CLASSIFIED REPORT, WOULD BECOME PUBLIC KNOWLEDGE AND THUS JEOPARDIZE THE COMPETITIVE POSITION OF INDIVIDUAL FIRMS. THE HOUSE BILL, MARKUP OF WHICH HAS JUST BEEN COMPLETED, INCORPORATES A SIMILAR FEE REPORTING SYSTEM AND ALSO IMPOSES A DOLS 9 BILLION ANNUAL ARMS SALES CEILING THAT COULD PROVE ADMINISTRATIVELY MORE TROUBLESOME THAN ANY PROVISION OF HUMPHREY BILL.

3. ANOTHER ELEMENT OF S. 2662 WHICH MAY CONCERN GOODYEAR IS PROVISION THAT NO QUOTE MAJOR DEFENSE EQUIPMENT UNQUOTE VALUED AT DOLS 25 MILLION OR MORE MAY BE LICENSED FOR COMMERCIAL EXPORT, I.E., IT MUST BE SOLD THROUGH FMS CHANNELS. QUOTE MAJOR DEFENSE EQUIPMENT UNQUOTE DEFINED AS QUOTE A DEFENSE EQUIPMENT...HAVING A TOTAL RESEARCH AND DEVELOPMENT INVESTMENT FOR HARDWARE OF DOLS 50,000,000 OR MORE, OR A TOTAL ESTIMATED PRODUCTION COST, BOTH RECURRING AND NON-RECURRING, OF DOLS 200,000,000 OR MORE UNQUOTE. EXPORT LICENSES FOR OTHER DEFENSE ARTICLES OR SERVICES VALUED AT DOLS 25 MILLION OR MORE, OR FOR MAJOR DEFENSE EQUIPMENT OF LESSER VALUE, ARE SUBJECT TO CONGRESSIONAL SCRUTINY SIMILAR TO PRESENT NELSON AMENDMENT 36(B) REQUIREMENT. SINCE DOD HAS NOT YET PROVIDED DEPARTMENT WITH LISTING OF MAJOR DEFENSE EQUIPMENT, WE ARE UNCERTAIN WHETHER GOODYEAR'S SLAR MEETS THE DEFINITION, OR WHETHER PROPOSED SALE MAY EXCEED DOLS 25 MILLION, BUT DIRECTOR SAYRE MAY BE ABLE TO CLARIFY WHETHER THIS IS REASON FOR HIS CONCERN. FYI. ADMINISTRATION HAS NOT OPPOSED THESE CONGRESSIONAL INITIATIVES, WHICH HAVE ALSO BEEN ECHOED IN HOUSE COMMITTEE MARKUP HEARINGS. END FYI.

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4. DEPARTMENT IS POUCHING COPIES OF SENATE AND HOUSE SECURITY ASSISTANCE BILLS AND RELATED COMMITTEE REPORTS. FOR EMBASSY'S INFORMATION, HOUSE BILL NOT YET VOTED UPON; WITH SUBSEQUENT REQUIREMENT FOR SENATE-HOUSE CONFERENCE, A FINAL FY 1976 BILL IS NOT LIKELY TO EMERGE BEFORE LATE MARCH. HEARINGS ON FY 1977 BILL WILL BEGIN IN LATE MARCH. AT THIS STAGE IT IS IMPOSSIBLE TO PREDICT WHAT THE FY 76 BILL

OR ITS FY 77 SUCCESSOR WILL CONTAIN IN TERMS OF PRESENT
SENATE OR HOUSE FEATURES. KISSINGER

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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